



January 24, 1995

VIA FEDERAL EXPRESS

Mr. William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Mail Stop Code 1170
Washington, DC 20554

Re: Comments to PP Docket No. 93-253
Competitive Bidding

Dear Mr. Caton:

Enclosed herewith in an original and four (4) copies, are Comments prepared by The Richard L. Vega Group in response to the Notice in PP Docket No. 93-253, released December 23, 1994.

Should the Commission have any questions concerning these matters, please contact the undersigned.

Respectfully,

Richard L. Vega
Chairman of the Board

RLV/lt
Enc.

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The Richard L. Vega Group

Telecommunications Engineers/Consultants

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In The Matter of:

Implementation of Section 309(j) of the
Communications Act--Competitive Bidding

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PP Docket No. 93-253

DOCKET FILE COPY ORIGINAL

COMMENTS

The Richard L. Vega Group ("Vega Group"), a telecommunications engineering and consulting firm with offices located in Longwood, Florida, by its Chairman, Richard L. Vega, in response to the Federal Communications Commission's ("Commission") **PUBLIC NOTICE** ("Notice"), *FCC Announces Short Form Date for 493 BTA Licenses Located in the C Block for Personal Communications Services in the 2 GHz Band and Requests Comment on Auction of F Block Licenses*, dated December 23, 1994, hereby submits its **COMMENTS** to the Notice. The Vega Group, a recognized expert in all facets of telecommunications matters, holds extensive experience in wireless telecommunications services and is intimately familiar with Section 309(j) of the Communications Act dealing with competitive bidding. The Vega Group represents telecommunications firms, both large and small, and applauds the Commission's efforts to bring forth Personal Communications Services ("PCS") to the public in an efficient and expedited fashion. To help the Commission facilitate its goal of auctioning spectrum for PCS service, the following comments relative to the Notice are provided herein.

SEPARATING THE C AND F BLOCKS

The Vega Group fully supports the Commission's decision to auction the C Block and F Block licenses separately. Designated entities will not possess the same vast resources available to the current MTA bidders, and, therefore, they need Commission support towards any effort to minimize the heavy administrative burden placed on them as a result of spectrum auctions. The typical designated entity probably will not be acquiring a large number of independent markets nor will it be likely to aggregate the maximum frequencies in many same markets. As such, the separation of the entrepreneur block into two (2) separate auctions provides these smaller entities, with less resources, a fair and equitable means to participate in the auctions.

THE C BLOCK AUCTION

According to the Notice, the Commission is accepting FCC Form 175 applications proposing the C Block frequencies no later than Tuesday, February 28, 1995. The Commission stated that it would announce in a future PUBLIC NOTICE further details regarding the auction location, bidding procedures and other important information for the C Block auction. The Vega Group encourages the Commission to immediately announce by PUBLIC NOTICE, before February 28, 1995, that all or a portion of the C Block up-front payment will be credited to the applicant's F, D, or E Block up-front amount automatically if requested. The Vega Group is concerned that a designated entity will not be able to maximize its bidding eligibility for a later auction if all of its up-front monies are frozen in a C Block auction to which it may have, at some point, exited early or voluntarily reduced its bidding eligibility. Additionally, a request for up-front payment credit should

apply for any auction to which multiple licenses are being issued non-simultaneously. In the spirit of the newly adopted competitive bidding program, the Commission is obligated to maximize the participation by all those that desire to seek licenses. This suggestion does that by allowing a designated entity greater flexibility.

THE F BLOCK AUCTION

The Vega Group believes that the administrative complexities for bidders and for the Commission will be minimized if the F Block licenses are not combined with the auctions of the D and E Block licenses but rather auctioned separately near the completion of the C Block auction. Under the original PCS auction configuration, the frequency blocks were combined in groups of two's beginning with the A and B Blocks followed by the C and F Blocks and ending with the D and E Blocks. The C and F Blocks are closely interdependent while the others are not (that is they are available only to designated entities). The Commission should not wait until the conclusion of the C Block auction before it initiates the F Block auction. The Vega Group believes that the F Block auction should begin immediately once the C Block auction begins its third stage auctioning period. This permits those C Block applicants that have abandoned the C Block auction to move into the F Block auction without delay.

The Commission should not combine the F Block auctions with the D and E Block auctions since the Commission's goal is to eliminate excessive administrative complexities for the bidders and for the Commission. The Vega Group believes that combining these three (3) groups will overly burden all those participants and could jeopardize the less resourceful entities from a fair opportunity to compete for licenses.

The Vega Group also opposes any consideration to amend the collusion rules. If the Commission allows limited discussions amongst bidders, any attempt to avoid full collusion will fail.

Furthermore, while the Commission may be better prepared to administer an auction the size of one combining three 10 MHz blocks consisting of 1,479 licenses, the bidders themselves are not likely to be adequately prepared to compete in such an enormous process.

The Vega Group believes that the Commission should indeed extend the installment payment and other considerations afforded designated entities to the D and E Block applicants that would qualify for the discounts. To truly promote the competitive bidding environment, the Commission must stimulate the auction process to be more favorable to those who value the spectrum and are willing to pay for the spectrum but simply cannot compete at the same level of those A Block and B Block bidders who will likely return to the auction to garnish control of the D and E Blocks. The Vega Group supports the current discounts afforded the C Block and F Block applicants and hopes that the Commission recognizes that the greatest bidding participation will occur if these discounts are available to D Block and E Block licenses. Without these discounts, the Vega Group believes that the Commission's D and E Block auction will be revisited by only those elite few who are returning to aggregate their eligible spectrum amount.

Since the computer software used to conduct the auctions is not available for inspection, the Vega Group is not able to comment on the technical concerns associated with an auction of 1,479 licenses including the size of the files to be downloaded. The

Vega Group has attempted many times to obtain the software from the Commission's auction contractor but was denied access to the computer programs. The Vega Group was concerned from the onset that proper consideration had not been given to conducting multiple auctions simultaneously given the enormous number of licenses available.

SUBORDINATION OF PCS LICENSES

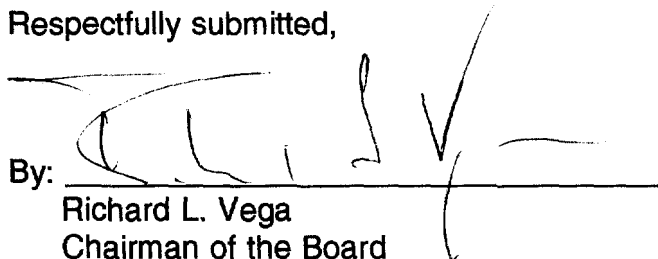
The Vega Group requests that the Commission consider, under this Notice, permitting subordination of the PCS license to a bona fide lender should equipment financing be obtained. The Commission would force the subordinated entity to abide by all license terms in consideration of the automatic transfer. The Vega Group recognizes that this consideration has been viewed favorably by the Mass Media Bureau and believes that the Commission understands the enormous economic obligations involved, and, as such, the Commission should sympathize with the high bidders' efforts to provide service to the public.

CONCLUSION

The Commission must move swiftly to adopt the issues established under the Notice with modifications as provided in these COMMENTS.

WHEREFORE, the foregoing information being considered, the Vega Group hereby requests that the Commission consider and adopt those suggestions as identified herein and eliminate those determined to be contrary to the public interest.

Respectfully submitted,

By: 

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Chairman of the Board
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Dated January 24, 1995

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